

COLLECTION OF DECISIONS DECIDED AT CABINET MEETINGS
REGARDING MANCHURIA (JULY 1939) ISSUED BY THE SECOND
SECTION OF THE EAST ASIA BUREAU OF THE FOREIGN MINISTRY

Matters relating to the stabilization of Manchurian coin value and the unification of coinage system.

Decided on the cabinet meeting of Nov. 4, 1935 (10 Showa). Although the foreign value of Manchurian coin has severed in reality all relations with silver in accordance with the rise in the silver value caused by the American silver policy, the drift of silver value in the future cannot be forecasted, and as the currency value of the principle countries of the world have fallen apart from the common basis and are in a consistent drifting state, the deciding of the monetary standard would better be actualized when the currencies of the principle countries including our country are established and stabilized and the actual stabilization of the foreign value of Manchurian coin has maintained for a considerably long period and also when the establishing of the monetary standard in compliance with the circumstances would be appropriate to the Manchurian financial conditions and to the close financial relationships of Japan and Manchukuo.

When we consider this problem from our view-point, the bank notes of the Bank of Chosen and the Yokohama Shokin Bank now in current in the domains of Manchukuo, had possessed an important mission on our Manchurian and Mongolian policy; our national policy will be renovated with the independence of Manchukuo and the cabinet has decided to aid our neighbor and in the meanwhile, the Manchurian government has established the Central Bank and has adopted the system of entrusting the administration of currency and finance to the said bank. And as Manchukuo has been striving earnestly to demonstrate the faculty of the above bank, it must be said that a change was naturally brought about in the historical missions of the bank notes of our country and if the currency of the said bank notes are left as they are in the present state, it will but complicate the currency of Manchukuo and hinder the stabilization of the foreign value of the Manchurian coin.

Consequently, we have decided on the following policies relating to the stabilization of the national coin value of Manchukuo and the unification of coinage system and will, in the first place, actualize this policy according to the following summary:

ACCOUNT

General Policy

Relating to the stabilization of the national coin value of Manchukuo and the unification of coinage system:

(1) It is important on the part of Manchukuo to strive for the actual stabilization of the foreign value of national coin at present,

and to prepare what is necessary for the legal stabilization on a rational basis in the future, when the coins of the principle countries are reexamined.

(2) On the other hand, it would be appropriate to contribute to the stabilization of national coin value by unifying and adjusting the bank notes issued by Japanese banks with the national coin at a suitable time in the future. However, on executing the said unification, not only is it necessary to take the best measures so as not to hinder the business of Japanese and Manchurian economy, particularly the business of Japan, but it is also necessary to prepare carefully the other side of the problem as there are many attending important subjects which need investigations such as the abolition of other extraneous bank notes, the readjustment and transfer of the business of the banks of Japan and the consequences on the Japanese banks caused by the unification of the coinage system and the measures toward it.

(NOTE) Although it is actually inconvenient to enforce different coinage systems in Kwantung Province and Manchukuo, as the two territories hold a close and indivisible economic relation to each other, the Kwantung Province will not be included as a district where the coinage system will be enforced, for there is no doubt from the viewpoint of our laws as to the circulation of the Manchurian national coin as the legal coin in Kwantung Province.

II The Summary of Execution

No. 1 The Policy to be Adopted in Manchuria

(1) In order to prevent the swift and unnatural commotion of the foreign value, necessary measures must be speedily adopted, such as the administration of money order and control must be exercised over transactions of a speculating nature and over extraordinary transferring of funds such as the flying of funds.

(2) In order to cultivate the economic power and thereby establish the basis of stabilization of national coin value, it is necessary,

- (a) To consolidate the basis of finance and to endeavor to establish and maintain the equilibrium of the incomes and expenditures.
- (b) To reform the international incomes and expenditures considering the industrial policy.
- (c) To adopt sound and adequate currency policy and thereby secure and complete the capital preparatory for the issuing of the Central Bank notes.

(3) To strive singlehanded for the stabilization of the foreign value, especially the exchange rates towards Japan.

(4) To take adequate measures so as to establish communication and harmony amongst the Manchurian government or the Central Bank, the Japanese Empire, the Nippon Bank, and other Japanese Banks in Manchukuo.

No. 2 The Policies to be Adopted by our Country

(1) In order to facilitate the establishment of the national coin value of Manchukuo, appropriate administrations will be exercised on the operations of the Bank of Chosen in Manchukuo and especially, the speedy abolishment of the bank notes of the said bank issued outside the dominion will be considered.

(2) In order to have good results from the administration of exchanges, it is necessary,

(a) To give suitable consideration to the system and application of the exchange administration on our part.

(b) The Japanese banks in Manchukuo, especially the Yokohama Specie Bank and the Bank of Chosen, will cooperate when necessary.

(3) Japanese officials and civilians will try to use the national coin as much as possible and the military and the Manchurian Railway will pay in the national coin as much as possible.